

VZCZCXRO9630
PP RUEHDE
DE RUEHKU #0890 0741346
ZNR UUUUU ZZH
P 151346Z MAR 06
FM AMEMBASSY KUWAIT
TO RUEHC/SECSTATE WASHDC PRIORITY 3477
INFO RUEHZM/GULF COOPERATION COUNCIL COLLECTIVE PRIORITY
RUEHBUL/AMEMBASSY KABUL PRIORITY 0232
RUEHLO/AMEMBASSY LONDON PRIORITY 1193
RUEHFR/AMEMBASSY PARIS PRIORITY 0954

UNCLAS KUWAIT 000890

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STATE FOR NEA/ARP, LONDON FOR TSOU, PARIS FOR ZEYA, KABUL
FOR DOUG CLIMAN

E.O. 12958: N/A
TAGS: [EAID](#) [PGOV](#) [PREL](#) [AF](#) [KU](#)
SUBJECT: KUWAIT FUND AWAITING AFGHAN GOVT RESPONSE ON NEW
TERMS FOR RESCHEDULING ARREARS

REF: A. KUWAIT 185

[1](#)B. 05 KUWAIT 5063
[1](#)C. 05 KUWAIT 4624

[1](#)1. (SBU) On March 8, Econoff met with Abdul Kareem Al-Mutawa, Regional Manager for South Asia at the Kuwait Fund for Arab Economic Development (KFAED) to discuss the recent Afghanistan Compact conference held in London. (Note: Al-Mutawa attended as part of the GOK delegation headed by KFAED Director General Abdulwahab Al-Bader. End note.) Al-Mutawa praised the organizers of the conference for its efficiency and substantive discussions, exclaiming that it was "one of the most successful conferences" he had attended.

[1](#)2. (SBU) Although the GOK did not make any new pledges at the conference, Al-Mutawa noted that KFAED officials and GOA ministers (Foreign Affairs and Finance) held productive side meetings to discuss Afghanistan's arrears, the possibility of renewed bilateral dialogue on priority reconstruction projects, and visits to Kuwait by senior GOA officials, including President Karzai, whose January visit was postponed following the death of Amir Shaykh Jaber Al-Sabah.

[1](#)3. (SBU) According to Al-Mutawa, KFAED has offered to extend the proposed repayment timeline of Afghanistan's arrears by granting the GOA a five-year repayment grace period in addition to the 20-year repayment timeline at 0% interest. (see ref C for an overview of GOK arrears with KFAED). Al-Mutawa explained that the KFAED offer was pending the review and approval of the GOA's Finance Ministry. He expressed renewed hope in resolving the arrears in an effort to resume KFAED bilateral assistance to Afghanistan.

[1](#)4. (SBU) Al-Mutawa also pointed out that any decision to cancel the GOA's KFAED arrears would have to be made by the Foreign Minister (chairman of KFAED) with the approval of the Council of Ministers (cabinet) and the Amir. He added that President Karzai had called Shaykh Sabah Al-Ahmed Al-Jaber Al-Sabah on March 7 to congratulate him on his appointment as Amir and the possibility of rescheduling Karzai's visit to Kuwait.

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